

Proposal for Distribution of Section E Stimulus Funds

EXHIBIT 2

DATE 3/12/09

HB 645



Montana School Boards
Association

School Administrators
of Montana

Montana Rural Education
Association

The Montana School Boards Association, School Administrators and Montana Rural Education Association have discussed the Governor's proposed stimulus distribution for K-12 public schools and have come to agreement on a proposal for distribution of such funds. Our agreement is based on a common understanding of the financial challenges facing Montana's public schools over the coming two years.

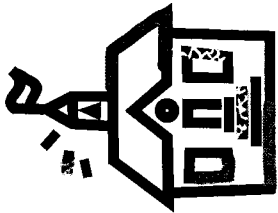
Under The Governor's original proposed budget increase for K-12 public schools under House Bill 15 and the special education increases proposed in House Bill 2, member school districts statewide are anticipated to be able to increase their present adopted general fund budgets of \$932 million by approximately 1.54% without a voted levy. This is a statewide average, so there are districts both above and below this average, but overall this is what schools are facing. Inflationary pressures in general fund budgets are significantly higher than 1.54% and with the prospects for voted levies dimmed by present economic circumstances, school districts are looking at the stimulus funds as a two year bridge that can help them avoid cuts while the economy revives.

The Governor's office has identified two key priorities for K-12 public education:

1. \$43 million for modernization, repairs and renovation as provided by ARRA; and
2. \$43 million for deposit into TRS.

In light of the circumstances above, we believe that a redistribution of these funds is in order to ensure that school districts can participate in the goals of ARRA through job savings and participation in activities that will lead to the economic stimulus needed to help Montanans recover from present circumstances. We recommend a distribution of the \$86 million as follows:

Item	Cost
\$5,000 per quality educator with 12,590 quality educators per fiscal note on SB 69	\$62,950,000
Fund Virtual Academy in HB 459, Net Costs After \$2 million in Higher Ed distance learning funding	\$2,200,000
Distribute money for modernization, repairs and renovation using per school unit distribution mechanism from May 2007 Special Session (should fund approximately \$20,000 per every group of 250 elementary, 450 middle school and 800 high school students with a minimum of one unit for each school level in a district)	\$20,850,000
TOTAL	\$86,000,000



K-12 Quality School Facilities

HB 152 --

\$12 million appropriation

- ✓ Create Quality Schools Facility Program
- ✓ Funds from trust lands sources
- ✓ Dedicated \$ for facilities & distance learning technologies
- ✓ Competitive Grant (TSEP Model) for:
 - ✓ facilities
 - ✓ planning
 - ✓ Emergencies
- ✓ Consult with OPI and A & E
- ✓ Projects recommended by
Dept of Commerce to Governor
for Legislative Approval

HB 645 -- \$ 43 million

- ARRA stimulus implementation
- Administered via HB152



Recommend: Amend \$10 million for “Quick Start Energy Grants”

- Award grants immediately
- Create summer jobs

Department of
Commerce